

IRS TAX TIP 2003-37

EDUCATOR EXPENSES

Starting in 2002, if you are an educator, you may be able to deduct up to \$250 of expenses you paid for purchases of books and classroom supplies even if you don't itemize your deductions, according to the IRS.

The new deduction is available if you are an eligible educator in a public or private elementary or secondary school. To be eligible, you must work at least 900 hours during a school year as a teacher, instructor, counselor, principal or aide.

You may subtract up to \$250 of qualified expenses when figuring your adjusted gross income (AGI). The amount goes on the line labeled "Educator Expenses" — line 23 of Form 1040 or line 16 of Form 1040A. Prior to the change in the law, educators could take such expenses only as miscellaneous itemized deductions, which must be reduced by two percent of AGI.

However, if you excluded education savings bond interest or payments from qualified tuition programs, or made tax-free withdrawals from an education savings account, you will be able to claim the new deduction only to the extent your qualified expenses exceed the tax-free amounts.

You should keep records of qualifying expenses in a folder or envelope with a label such as "Educator Expenses Deduction," noting the date, amount and purpose of each purchase. This will help prevent a missed deduction at tax time.

Details on this and other new tax law changes are in IRS Publication 553, "Highlights of Tax Changes," available on the IRS Web site at www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

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